

**ARKANSAS ETHICS COMMISSION
ADVISORY OPINION 97-EC-018**

ISSUED: December 17, 1997

The Arkansas Ethics Commission has been asked to answer a number of questions concerning contributions received and expenditures made by auxiliary committees or groups of a political party and small donor political action committees.

ISSUE #1:

May the designated auxiliary county committee of a political party make unlimited expenditures toward party building activities, e.g., advertising, assuming such expenditures are neither for nor against a particular candidate?

RESPONSE:

Yes. Although there are limits imposed on the amount a county committee can contribute, either in cash or in-kind, to a particular candidate, see Ark. Code Ann. § 7-6-203(b)(1) and (2), there is no limit on the amount a county committee can spend on party building activities provided that such activities are not for the purpose of influencing the nomination for election, or election, of a particular candidate.

ISSUE #2:

If the designated auxiliary county committee of a political party makes a contribution to a candidate within the limits for a person, may it also make unlimited expenditures toward party building activities, e.g., advertising, assuming such expenditures are neither for nor against a particular candidate?

RESPONSE:

Yes. The fact that a county committee has made a contribution to a candidate would not serve to limit the amount it can spend on party building activities provided that such activities are not for the purpose of influencing the nomination for election, election or defeat of a particular candidate.

ISSUE #3:

May an auxiliary group which is not the designated auxiliary committee of a political party spend money on party building activities without registering as either a PAC or an Independent Expenditure Committee and, if so, is there a limit on such spending?

RESPONSE:

Yes. An auxiliary group which is not the designated auxiliary committee of a political party may make unlimited expenditures toward party building activities provided that such activities are not for the purpose of influencing the nomination for election, election or defeat of a particular candidate. In the event such an auxiliary group decided to make a contribution to a candidate, it would first have to register as a political action committee.¹

ISSUE #4:

May an auxiliary group which is not the designated auxiliary committee of a political party contribute funds without limit to the designated auxiliary county committee of a political party?

RESPONSE:

Yes. An auxiliary group which is not the designated auxiliary committee of a political party may make contributions to the designated auxiliary county committee of a political party. There are no limits imposed on the amount of such contributions.

ISSUE #5:

May a small donor PAC give money to the designated auxiliary county committee of a political party and, if so, is there a limit on the amount of such contributions?

RESPONSE:

No. Ark. Code Ann. § 7-6-201(12) defines “small donor political action committee” as being any person who:

- (A) Receives contributions from one or more individuals in order to make contributions to candidates;
- (B) Does not accept any contribution or cumulative contributions in excess to twenty-five dollars (\$25) from any individual in any calendar year; and
- (C) Is registered pursuant to § 7-6-215 prior to making contributions to candidates.

A review of the foregoing definition discloses that small donor political action committees serve to receive contributions from individuals in order to make contributions to candidates. It follows that a small donor political action committee is without authority to give money to a designated auxiliary county committee of a political party.

¹ See Arkansas Ethics Commission Advisory Opinion No. 96-EC-006.

ISSUE #6:

May the designated auxiliary county committee of a political party hold a \$25.00 per plate dinner and give a "free ticket" to persons who have made a \$25.00 contribution to a particular small donor PAC?

RESPONSE:

No. The definition found in Ark. Code Ann. § 7-6-201(12) provides, in part, that a "small donor political action committee" means a person who receives contributions from one or more individuals in order to make contributions to candidates. The value of the ticket would be an in-kind contribution to the small donor political action committee from the designated auxiliary county committee and small donor political action committees may only receive contributions from individuals. The designated auxiliary county committee of a political party is not an individual.

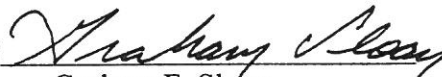
ISSUE #7:

If the designated auxiliary county committee of a political party may not hold a \$25.00 per plate dinner and give a "free ticket" to persons who have made a \$25.00 contribution to a particular small donor PAC, may the small donor PAC buy the tickets at cost (for example, \$10.00) and then sell them for \$25.00 and treat the profits as contributions?

RESPONSE:

Yes. If the small donor political action committee purchased the tickets at cost from the county committee, then the tickets would not be a contribution from the county committee. The price paid for the tickets would be an expense reasonably and legitimately related to fund raising by the small donor political action committee.

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